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Letter dated 17 May 2001 from the Permanent Representative of the Democratic People's Republic of Korea to the United Nations addressed to the President of the Security Council

I have the honour to transmit herewith the text of a detailed report on the delay in the construction of the Light-Water Reactor (LWR) Project under the Democratic People's Republic of Korea-United States of America Agreed Framework, released by the Korean Central News Agency on 16 May 2001 (Juche 90) (see annex).

I should be grateful if you would have the present letter and its annex circulated as a document of the Security Council.

(*Signed*) **Li** Hyong Chol
Ambassador
Permanent Representative

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Annex to the letter dated 17 May 2001 from the Permanent Representative of the Democratic People's Republic of Korea to the United Nations addressed to the President of the Security Council

Detailed report on the delay in the construction of the light-water reactor (LWR) project under the Democratic People's Republic of Korea-United States of America Agreed Framework

Pyongyang, 16 May 2001 (Juche 90)

The Korean Central News Agency releases, upon authorization, the following detailed report on the considerable delay in the construction of the LWR project under the DPRK-U.S. Agreed Framework.

1

The Agreed Framework, adopted on October 21, 1994 is a binding legal document in which the two governments are committed to resolve "nuclear issue", remove mistrust and build confidence between the two countries and move towards improved relations between the two nations.

The central point of the framework is the DPRK pledge on nuclear freeze versus the U.S. pledge on the provision of light water reactors.

The agreed framework specifies as follows:

"In accordance with the October 20, 1994 letter of assurance from the U.S. President, the U.S. will undertake to make arrangements for the provision to the DPRK of a LWR project with a total generating capacity of approximately 2,000 megawatts electric (mw(e)) by a target date of 2003. ...

Upon receipt of U.S. assurances for the provision of LWRs and for arrangements for interim energy alternatives, the DPRK will freeze its graphite-moderated reactors and related facilities and will eventually dismantle these reactors and related facilities."

The U.S. commitment under the agreed framework on provision of light water reactor power plants with a generating capacity of 2,000mw(e) by the year 2003 was based on the DPRK freezing of graphite-moderated reactors under construction and giving up of a new project on power plants.

At the time, we were about to complete the construction of graphite-moderated reactors with a generating capacity of 50mw(e) and 200mw(e) each,

relying on local raw materials, technology and natural resources. At the same time, we were proceeding with the plan to construct atomic power plants with a generating capacity of several hundreds of thousands of kilowatts of electricity a year starting from 1997 in an effort to ensure production of 2,000mw(e) annually by the year 2003.

The 7th session of the 9th Supreme People's Assembly held in April 1994 adopted a decision to finish off the atomic power plants under construction as early as possible and embark on a new power plant project with reinforced efforts in order to solve the acute shortage of electricity in the country.

An inevitable historical background made us proceed with graphite-moderated reactor project.

The former Soviet Union was reluctant to offer us a LWR, while offering supplies to her satellite states, for the reason that we did not join the Council for Mutual Economic Assistance (COMECON).

We then tried to purchase it from western countries such as Canada but ended up with empty hands due to political reasons.

We determined to live our own way and made public the policy on building nuclear power industry suited to the actual conditions of our country and embarked on developing our own technology related to the nuclear power industry relying on uranium and graphite easily available in the DPRK.

After long-drawn strenuous efforts, we developed a technology of graphite-moderated reactor and succeeded in building one.

However, the U.S. began to spread the "nuclear suspicion" on our graphite-moderated reactor and eventually came up with creating "nuclear crisis."

This was how the DPRK-U.S. bilateral talks on "nuclear issue" came to take place and they were driven into stalemate due to the hostility and mistrust that existed between the two nations for such a long time.

It was against this backdrop that in June 1994 President Kim Il Sung gave audience to the visiting former U.S. President Jimmy Carter.

At the meeting, the President told Carter that the outbreak of the issue on "nuclear suspicion" was grounded in the misunderstanding and distrust between the DPRK and the U.S. He also told him that resolution of this issue depended entirely on how much confidence the U.S. had in the DPRK and that the U.S. provision of LWR would clear away misunderstanding and distrust between the two nations.

Mr. Carter indicated the U.S. willingness to supply LWRs to the DPRK.

This led to the conclusion of the agreed framework at the DPRK-U.S. bilateral talks with major emphasis on the DPRK nuclear freeze versus the U.S. supply of LWRs defusing the crisis thereafter.

Both the DPRK and the U.S. had expected that the freeze on the graphite-moderated reactors and their related facilities would address the U.S. security concerns, while the U.S. LWR supply would help remove the DPRK mistrust of the U.S. and promote confidence-building between the two nations.

To that end, we entered into complete freeze on the graphite-moderated reactors and their related facilities within one-month period as is spelled out in the agreed framework, and allowed the International Atomic Energy Agency (IAEA) to monitor the freeze, while rendering full cooperation to the agency.

In addition, we completed the safe storage of spent-fuel rods out of 5mw(e) experimental atomic reactor as obligated under the agreed framework.

After all, we have lived up to our obligation under the agreed framework over 100 percent.

But, the construction of LWR power plants the U.S. pledged to complete by the year 2003, witnesses too much delay making it difficult to expect its completion.

When we look back on the LWR project during the past seven years since the birth of the agreed framework, only the ground-breaking ceremony took place as late as in august 1997 and the site preparation scheduled to be finished in 14 months has been made about 95 percent, while ground work is yet to begin.

It is not accidental that some speculate the completion of LWR project as hardly possible by the year 2008 and may be feasible only by the year 2010.

Now that the LWR project is unlikely to be completed by the year 2003, the implementation of the agreed framework has reached a serious pass.

2

In the light of the level of the present DPRK-U.S. relations and the unique nature of the agreed framework, the delay in the LWR project may lead to the scrapping of the agreed framework itself.

The very nature of the DPRK-U.S. relations, based on hostility, not on confidence, resulted in the stipulation of the DPRK nuclear freeze and the U.S. LWR provision as simultaneous actions in the agreed framework.

The failure by the U.S. to live up to its obligation to LWR project by the year 2003 would possibly drive us to respond to it with abandoning on-going nuclear freeze.

We cannot sit idle over our loss while maintaining the nuclear freeze.

Many years have passed since the adoption of the DPRK-U.S. agreed framework, yet the DPRK-U.S. relations are still characterized by distrust and misunderstandings and they have grown stronger since the emergence of the new administration in the U.S.

One can recall that the DPRK-U.S. agreed framework was made possible owing to the courageous decision made by our side to sacrifice our self-reliant nuclear power industry.

We made such political concession out of the good faith to help remove the U.S. concerns on "suspicion about nuclear-weapons development" and build confidence between the two nations.

However, when we trace back the process of delay in the construction of the LWR project by the U.S., we emerge with increased suspicion on the U.S. intention as to whether the U.S. is truly committed to the supply of LWRs or seeking some kind of filthy political purposes.

Since the Korean Peninsula Energy Development Organization (KEDO) aimed at supplying LWRs to the DPRK was organized on March 9, 1995, the U.S. has delayed its process by far citing internal reasons such as fund sharing and so on.

Worse still, the U.S. deliberately delayed the process of the project raising such political issues as "missile issue" and "suspicion of underground nuclear facilities" which had nothing to do with the LWR project.

The responsibility for the delay in the supply of LWRs entirely rests with the U.S. side, the direct party to the Agreed Framework.

It would be a mistake for the U.S. if it tries to evade the responsibility for the delay in the LWR project for the reason that KEDO undertakes the project.

The agreed framework specifies as follows:

"The U.S. will organize under its leadership an international consortium to finance and supply the LWR project to be provided to the DPRK. The U.S., representing the international consortium, will serve as the principal point of contact with the DPRK for the LWR project."

Under the agreed framework, the U.S. side was authorized to organize an international consortium so as to secure fund and equipment for the construction of LWRs and the U.S., representing the international consortium, is entirely responsible for the completion of the LWR project.

On December 14, 1995 the U.S. side also signed the Supply Agreement which specifies that the U.S., as the principal contact point with the DPRK, is to provide LWRs to the DPRK on loan and turnkey basis.

The only thing we are expected to do is to receive the key upon its completion.

The U.S. President wrote as following in his letter of assurance dated October 20, 1994:

"In the event that this reactor project is not completed for the reasons beyond the control of the DPRK, I will use the full powers of my office to provide, to the extent necessary, such a project from the United States, subject to the U.S. congress."

The U.S. administration should have taken other steps earlier in order to meet the date of completion in the year 2003 true to the assurance made by the President.

Nonetheless, we see no steps taken by the U.S. administration in the efforts thus far.

What the U.S. side should do at this point is to come up with steps to cover the loss of 2,000mw(e) we are to suffer from the year 2003 due to the delay in the LWR construction.

It would be a misunderstanding if the U.S. thinks it covers the entire loss caused by the delay in the LWR project by delivering 500,000 metric tons (mts) of heavy fuel oil (HFO) annually at present.

Under the agreed framework, the U.S. delivery of the 500,000 mts of HFO pending the completion of the first LWR is to offset electricity loss to be incurred by the freeze of graphite-moderated reactors with a generating capacity of 50mw(e) and 200mw(e) each, which were near completion at the time of the adoption of the agreed framework.

Accordingly, the annual delivery of 500,000 mts of HFO can not offset 2,000mw(e) loss caused by the freeze of construction of our atomic power plants scheduled to be completed by the year 2003.

At the DPRK-U.S. talks held in New York in March 2000, we laid out our proposal on compensation for electricity loss resulting from the delay in the LWR project.

We made clear that the compensation for electricity loss should be made by electricity and that other member countries of KEDO could contribute to this effort if the U.S. is in a real difficult position to make that compensation.

We also proposed to get down to working discussion with the party concerned once an agreement is reached in principle between the DPRK and the U.S.

The U.S. can not escape from its responsibility to compensate for the electricity loss to be incurred by the delay in the LWR project in any case.

If one side fails to meet its obligation, it should compensate for the loss resulting from non-compliance to other side.

It is the acknowledged norm and being practiced among the countries and is not subject to any alteration with the change in power.

Despite all this, officials in the new U.S. administration voice higher about the revision of the framework and supplying of thermal power plants, while making no response to our demand for electricity.

We can only interpret the U.S. claim for the revision of the framework as an attempt to evade its responsibility for the delay in the LWR project and an indication of its intention to lead it to its breakdown, given that the central point in the framework is the DPRK nuclear freeze versus the U.S. LWR supply.

Under the circumstances where the LWR project has been delayed by far, a serious issue is presented as to whether the U.S. is going to make due compensation for the electricity loss caused by the freeze of graphite-moderated reactors by the year 2003 or skip it over without making compensation.

If the U.S. goes without compensation, it would possibly create the situation where we have to resume the operation of the graphite-moderated reactor.

In the light of the sentiments of our army and people, we can not allow the U.S. to go without any compensation to us on any account.

If the U.S. side fails to meet its obligation to the provision of LWR project and tries to evade its responsibility to make due compensation for our electricity loss, it will only compel us to go our own way.